

WHWG Final Copy

Remarks by Steve Preston
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Thank you, Cheryl and thank you all for having me. It is such a pleasure to be here with all of you today, and it has been my pleasure to meet so many people who serve in the SBDCs across the country over the last two months. I have been so impressed with the many dedicated, knowledgeable men and women who are deeply committed to a mission we share. What I have seen has given me great optimism about our ability to work together to deliver results to the communities and individuals we serve.

I am also thankful that your leadership has reached out to me;

- Don Wilson, your president
- Dennis Bradford, the chairman of the SBDC Advisory Board. I had the opportunity to talk with Dennis earlier this week and I look forward to calling on him for advice and counsel in the days ahead;
- John Massaua, who has already agreed to get input from you all for our strategic planning session next week;

Since we are in the city that bears his name, it seems only right to quote Sam Houston, who defined a leader as “someone who helps improve the lives of other people or the system they live under.” By that definition, the SBDC network is blessed not only with talented leaders at the top of the organization, but throughout the organization, and I thank you for your service.

My background, as you know, is in business, not in government. But I did so because I want to see entrepreneurial capitalism expand, grow stronger and reach deeper – especially in the communities that need it most. <transition?>

So when I became administrator of the SBA, I wasn't accepting a job – I was accepting a mission, and one that I am passionate about. And in looking at the mission statement of the ASBDC, which is “to help new entrepreneurs realize their dream of business ownership, and assist existing businesses remain competitive...” I know we are working toward the same goal.

And we are making a great deal of progress. We recently completed the second annual Entrepreneurial Development Impact Survey. Nearly three-quarters (74 percent) of the respondents said the professional assistance they received from their SBDC counselor was valuable. The survey found that the management and technical assistance provided by SBDCs had a positive impact on business growth in the areas of sales and profits, and in the retaining and hiring of staff. Those results are a testament to your commitment and capability. <p-ship>

As I have over the past few weeks been building my team and meeting with small business owners, SBA staff, legislators, and partners like you, I have been asking questions about how we can get from where we are, to where we want to be.

My first question is, are we focused on the right outcomes? Do we understand how our services are driving change? Are we focused on the areas that will have the greatest impact?

In my view, we need to be sure that when we measure our progress toward the outcomes we want to achieve, we focus on the quality of the service being provided as well as the quantity. We have to be sure that we are fully capturing

the value of the educational, counseling and training services that make such a difference to the people we serve.

The new performance measurement system we are putting in place will, help us achieve that goal. We will be able to measure:

- The number of long-term counseling clients – the clients with whom you work intensively for an extended period of time;
- The number of new businesses created, from the first time a hopeful entrepreneur contacts the SBDC until the day they launch their new venture; and
- The dollar amount of capital infusion from all sources – SBA loans, non-SBA loans, and outside venture capital.

I know you have spent a great deal of time working with us at the SBA regarding outcomes and development of performance measurements leading to those outcomes. And as a critical partner of the SBA delivering an essential service to thousands of small business owners, you and we need to be closely aligned in meeting the needs of the people we serve in partnership with one another.

The SBA has the honor of serving small business owners with a multitude of programs, services, and tools, most of them designed to meet a targeted need. The service provided by the SBDCs is absolutely foundational to our mission and it may well be our richest touchpoint with the business owner and thus the best gateway for that owner to all that we and other can provide them. You sit across the table from them. You can assess their needs. You can walk them to opportunities and access that they don't know exist. Better partnership means better service and a better outcome. And I want to thank all of you for the great

partnership we have. I have seen its fruit time and again as I have traveled around the country.

I know change is always a challenge – as someone who has gone in the course of a few months from corporate America to the federal government, I can attest to that. I am sure many of the SBA vets are saying that about me. There's a famous saying by L.W. Lynett, an IBM executive in the 1960s, who said "the most effective way to cope with change is to help create it." As we move forward to implement these changes, I look forward to working with you to create a system that helps all of us achieve the outcomes we that we know we can enable.

The second question I have been asking is, are those of us at the SBA truly focused on what is important to our customers and our stakeholders? Are we customer-centric – do we understand what the people we serve need, and are we doing business on their terms? If there is too much friction in the process, if we are too slow, and if we are tough to work with, we will choke off our effectiveness because the value of our services will be diminished by the difficulty in using them. And from what I can see today, we have a lot of opportunity to simplify life for our customers, and the partners, like you, who deliver our services to them.

When we do work together, the results are amazing. Nowhere has this been demonstrated more clearly than in the response to Hurricane Katrina. State SBDCs agreed to forgo funding so that it would be available for Louisiana and Mississippi. Counselors from other states around the nation volunteered to go to the areas hardest hit by Katrina to increase the capacity of the SBDCs on the ground. They reached out to small business owners who had lost everything in an instant, and were struggling to make decisions in the most difficult possible circumstances. And all of us collaborated across traditional dividing lines, perhaps as never before.

The work you have done in the aftermath of this devastating natural disaster is now and will continue to be vital as small businesses spawn to meet the evolving demands of the region and the challenges they face are unprecedented. Small businesses will be essential for the Gulf to get back on its' feet. I've visited New Orleans several times since Katrina hit. In March, I spent several hours touring the devastation. For miles you could see virtually no activity. As we were leaving the lower ninth ward, among the endless rows of hollow buildings, one shining exception stood out-- a small, Hispanic-owned grocery store, freshly painted white, with sparkling windows, and a brightly painted sign overhead. People were scrubbing the floors, stocking the shelves, cleaning the sidewalk out front -- preparing to reopen. As I looked at the emptiness surrounding this tiny pioneer, I wondered why they were taking such a risk and whether they would survive. Then I realized that I was seeing just why small business is so crucial to our nation and its spirit. They would be the first movers and they would lead the way for others. And in fact since that time, others have joined them, many through the help of the SBDC. The sacrifices you have made, and the work you are doing there are really changing lives and rebuilding a sense of community.

The third question I have been asking is, are we enabling our employees? Any organization that serves people must have an employee base that is motivated and enabled to provide that service. So we need to ask, are we working to give our employees the tools, training and work environment they need to serve you effectively and enthusiastically?

In our National SBA Management meeting, which took place in New Orleans last week, we really focused on a number of items including improving communication internally and with our partners. One way we are doing that is by providing funding this year to do training of SBDC project officers, something

that is long overdue. That training is taking place next week in Orlando. We believe this training will help improve communication between the SBDC and the SBA field staff, a line of communication that we hope will be go both ways. We need to hear what is on your minds. You are on the front line.

We also are working to enhance communication through a forum we have instituted for new State OSBDC Directors. The high turnover in this area can be frustrating, and it is critical that new Directors get the information and training they need to hit the ground running. Our “New Directors Forum” is designed to facilitate that process.

The final question I have asked is are we transparent, efficient, and accountable? Are we running a tight ship? Every day, are we working in a way that earns the trust of our partners and those we serve? We are accountable to run our operations effectively and openly.

Let me tell you a bit about an initiative underway where we are applying that thinking. As you well know, the SBA did not have capacity to handle the overwhelming demand for capital after Katrina.

How have we begun to address this issue? Like you, we have spent time in the Gulf and listened to customers tell their stories. In fact, we even videotaped customer interviews to bring back to our employees, so they could hear the voice of the customer. We took what we learned to a three day off-site where we assembled leaders from our disaster operations, talent from our Washington operation and external process design experts, and began to lay out a vision, backed by detailed process redesign initiatives to finish the Katrina job quickly, and to ensure that we drive that operation to a higher standard than ever before. It's based on the need for responsiveness as an outcome. It's supported by an

understanding from the customers of how they want to be served in the process. It's focused on enabling our employees to deliver that service by giving them the right tools. And it insists that we have metrics in place to see how we are performing each step of the way.

Every day that a loan disbursement is delayed is a day that someone hasn't got his or her life back. We all pray that we will never see another Katrina. But we need to make sure that we take lessons from Katrina, and put the processes in place so that we can respond to disasters, irrespective of the scale. Our people care about this. I care about this. And I can promise you, our President cares very deeply about this.

I want you to know what a terrific honor it is for me to serve our country, and to do so in an agency that touches the lives of so many people, not only in helping them realize their dreams, but doing so in a way that provides jobs, expands our economy, and supports innovation in our country. You all understand this, because you are on the front lines – you are the touchpoint. The delivery point. I am proud to be serving a President who stands tall on tough issues, who leads based on principles, not on polls, and who has worked so hard to create an environment where small businesses can flourish.

He has done so by advancing an economic agenda that includes many of the issues that matter most to small business, including:

- Simplifying the regulatory burden on small businesses, because every hour spent on needless paperwork is an hour away from the business.
- Tax reform to make the tax cuts permanent, including a permanent repeal of the death tax.

- Health care reform to allow small businesses and civic and community groups to form Association Health Plans (AHPs), which would allow these groups to join together and leverage their buying power to reduce the strangling cost of health care. The president has said, “if people want the small business sector to flourish, then they ought to help small businesses afford health care”
- And initiatives to address rising energy costs, which have had a negative impact on small business. By investing in new technologies that will generate alternatives to a petroleum-based economy, we can reduce our reliance on foreign oil, and the economic uncertainty that results.

These issues are at the heart of the President’s economic program, because he knows, as I do, the critical and *irreplaceable* role that small business plays in the strength of our economy, our global competitiveness, and the health of our communities.

It wasn’t that long ago that we were looking at a plunging stock market, corporate accounting scandals, the horrific attack on 9-11 that we have been remembering this week, and the economic turmoil that ensued. But over the last three years, we have seen:

- Consistently robust economic growth;
- Steady job creation, and as a result, and enduringly low unemployment rate;
- And growth in ownership throughout our society.

As we celebrate this success, we need to at the same time celebrate the entrepreneurial engine that drives it. The small business men and women we serve:

- Drive our economy.
- Create our jobs.
- Transform our communities.
- And fulfill dreams, not only for themselves, but for their employees and customers.

The fact that three-quarters of the Fortune 100 companies last year were not even on the list 25 years ago tells the story of business incarnation and growth which has defined the last half century of our economic history.

You and I are blessed to live in America, a great society with a robust economy. It's a society where we are free and are encouraged to innovate, compete, and adapt to changing markets. That's because we have created a culture, a capital system, a tax and a regulatory structure that enables and encourages innovation and entrepreneurship. I know you believe, as I do, that we need to do everything in our power to maintain an environment where entrepreneurial activity and innovation can thrive, and where small business ownership can continue to be the path to upward mobility and economic security for our fellow citizens.

Everywhere I go, I hear about, and witness first-hand, the transformative power of small business. That's what the partnership between the SBA and the SBDCs is all about, and that's why I feel so privileged to be a part of it. By helping small businesses reach their potential, all of us have the honor of making the American dream come true.

We clearly have made a lot of progress -- but we still have more to do to expand opportunities and help sow the seeds of success for all entrepreneurs. It is work we can and will do together. Henry Ford – the classic example of a man with an idea who started a small business and made it grow – once said that “coming

together is a beginning; keeping together is progress, and working together is success.” It has been a pleasure to come together with you today, and I look forward to working with all of you to achieve the goals we share.

Thank you very much.

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